

199—19.11(476) Periodic review of gas procurement practices [476.6(15)].

19.11(1) Procurement plan. The board shall periodically conduct a contested case proceeding for the purpose of evaluating the reasonableness and prudence of a rate-regulated public utility's natural gas procurement and contracting practices. The board shall provide the utilities 90 days' notice of the requirement to file a procurement plan. In the years in which the board does not conduct a contested case proceeding, the board may require the utilities to file certain information for the board's review. In years in which the board conducts a full proceeding, a rate-regulated utility shall file prepared direct testimony and exhibits in support of a detailed 12-month plan and a 3-year natural gas procurement plan. A utility's procurement plan shall be organized as follows and shall include:

- a.* An index of all documents and information filed in the plan and identification of the board files in which documents incorporated by reference are located.
- b.* All contracts and gas supply arrangements executed or in effect for obtaining gas and all supply arrangements planned for the future 12-month and 3-year periods.
- c.* An organizational description of the officer or division responsible for gas procurement and a summary of operating procedures and policies for procuring and evaluating gas contracts.
- d.* A summary of the legal and regulatory actions taken to minimize purchased gas costs.
- e.* All studies or investigation reports considered in gas purchase contract or arrangement decisions during the plan periods.
- f.* A complete list of all contracts executed since the last procurement review.
- g.* A list of other unbundled services available (for example, storage services if offered).
- h.* A description of the supply options selected and an evaluation of the reasonableness and prudence of its decisions. This evaluation should show the relationship between forecast and procurement.

19.11(2) Gas requirement forecast. Rescinded IAB 4/3/91, effective 3/15/91.

19.11(3) Annual review proceeding. Rescinded IAB 2/9/00, effective 3/15/00.

19.11(4) Evaluation of the plan. The burden shall be on the utility to prove it is taking all reasonable actions to minimize its purchased gas costs. The board will evaluate the reasonableness and prudence of the gas procurement plan.

19.11(5) Disallowance of costs. The board shall disallow any purchased gas costs in excess of costs incurred under responsible and prudent policies and practices. The PGA factor shall be adjusted prospectively to reflect the disallowance.

19.11(6) Executive summary. On or before August 1, 2003, each natural gas utility shall file an executive summary and index of all standard and special contracts in effect for the purchase, sale or interchange of gas. On or before August 1 each year thereafter, each natural gas utility shall file an update of the executive summary and index showing the standard and special contracts in effect on that date for the purchase, sale or interchange of gas. The executive summary shall include the following information:

- a.* The contract number;
- b.* The start and end date;
- c.* The parties to the contract;
- d.* The total estimated dollar value of the contract;
- e.* A description of the type of service offered (including volumes and price).

This rule is intended to implement Iowa Code section 476.6(15).